Q2

SECOND QUARTER
FINANCIAL REPORT 2015-2016

CBC Radio-Canada

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CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources.

MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly reporting requirement

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. The following Management Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the second quarter of 2015-2016, and should be read in conjunction with our 2014-2015 Annual Report. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the second quarter ended September 30, 2015.

The Condensed Interim Consolidated Financial Statements have not been reviewed by our auditor.

Seasonality

The majority of our self-generated revenue comes from advertising, which follows seasonal patterns based on the programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern because they are also influenced by the programming schedule.

Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Note regarding forward-looking statements

This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may," "should," "could," "would," and "will," as well as expressions such as "believe," "expect," "forecast," "anticipate," "intend," "plan," "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the Outlook and Risk Update in section 4 of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

Non-IFRS measure

This report includes the measure Results on a Current Operating Basis, which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to Discussion of Results in section 2 for further details.

FINANCIAL HIGHLIGHTS FROM THE QUARTER

OUR REVENUE

2015/16: $142 M
2014/15: $138 M
Total increase +$4M

Events △ $17 M
Ongoing ▽ ($13 M)

- Events: Higher event revenue of $17 million this quarter when compared to the second quarter of last year. This quarter's events included revenue from host broadcasting fees and advertising associated with covering the Toronto 2015 Pan Am and Parapan Am Games this summer. Events in the second quarter last year included a portion of the revenue from broadcasting the FIFA World Cup Brazil.
- Ongoing activities: Lower revenue from our ongoing activities of $13 million, mainly due to the persistent softening of TV advertising markets and the end of the Local Programming Improvement Fund. This quarter our advertising revenue from ongoing programs declined at the same pace as the overall Canadian TV market (-7%).[1] Partially offsetting these decreases was additional advertising revenue generated from our digital platforms.

OUR EXPENSES

2015/16: $374 M
2014/15: $363 M
Total increase +$11M

Events △ $19 M
Ongoing ▽ ($8 M)

- Events: We spent an additional $19 million on covering events this quarter relative to the second quarter of last year. This largely reflects the additional costs of providing host broadcasting services for the Pan Am Games this year. The second quarter last year included a portion of the rights and production costs for our coverage of the FIFA World Cup Brazil.
- Ongoing activities: A decrease in ongoing expenses of $8 million mainly reflecting lower spending as we continue cost-reduction initiatives.

In addition to the changes discussed above, we drew down more government funding in the second quarter of 2015-2016 to meet our working capital requirements, resulting in a gain under IFRS and on a Current Operating Basis.

	For the three months ended September 30		
(in thousands of Canadian dollars)	2015	2014	% change
Revenue	142,357	138,129	3.1
Expenses	(373,958)	(362,923)	3.0
Government funding	242,790	128,177	89.4
Results before non-operating items	11,189	**(96,617)**	**111.6**
Net results under IFRS for the period	12,294	**(53,207)**	**123.1**
Results on a Current Operating Basis[1]	18,259	**(55,536)**	**132.9**

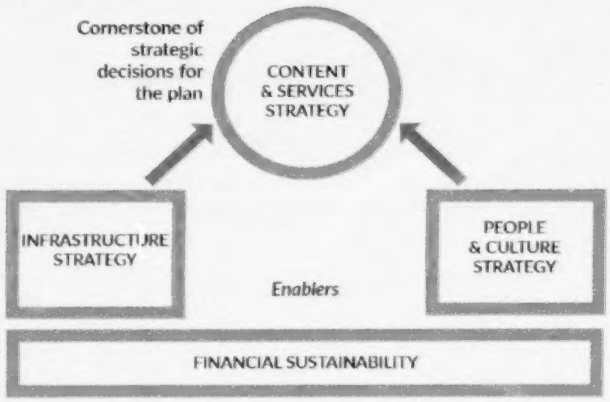
[1] Results on a Current Operating Basis is a non-IFRS measure. This excludes items that do not generate or require funds from operations. A reconciliation of net results to Results on a Current Operating Basis is provided in Discussion of Results in section 2.

[1] Source: September 2015 Television Bureau of Canada (TVB) report

BUSINESS HIGHLIGHTS

Through the Corporation's five-year strategy, *A space for us all (Strategy 2020)*, CBC/Radio-Canada will become more present and more relevant, as well as sustainable for future generations. The strategic plan sets out the following four objectives to equip us to thrive now and position us for the age beyond traditional broadcasting:

1. Through our distinctive content, increase and deepen our engagement with Canadians; inspire them to participate in the public space.
2. Change our infrastructure to allow increased simplicity, flexibility/scalability and collaboration.
3. Build a culture of collaboration, accountability, boldness, action and agility, with a workforce that reflects the country.
4. Achieve sustainable financial health, including the ability to invest in the future.



CONTENT AND SERVICES

This quarter was rich in programming events, from the TORONTO 2015 Pan Am and Parapan Am Games, to the start of one of the longest federal general elections this country has ever seen, to fall season launches across all of our platforms. In line with our strategic plan, *Strategy 2020*, we continued to invest in programming, from radio to prime time on television, while also expanding our digital offer. The following is just a highlight of all that the Corporation has achieved this quarter in support of our strategy.

From July 10 to August 15, we provided unprecedented multiplatform coverage of the TORONTO 2015 Pan Am and Parapan Am Games. By increasing collaboration between CBC and Radio-Canada teams, sharing expertise and production methods, and making strategic partnerships with other Canadian broadcasters, we were able to focus our efforts and resources on offering the most comprehensive and compelling coverage of the Games, not only on TV but on digital platforms as well. Results were strong both in terms of revenue generation (see *Financial Highlights* and *Results* sections) and from an audience perspective: more than 22 million Canadians – or 63% of the population – watched some part of our Pan Am Games coverage, and almost 9 million tuned in to some Parapan Am Games coverage. Our mobile app garnered 30 million page views and over 3.2 million video views on the web.[2] As part of our *Strategy 2020* commitment to deepening our connection with communities, we opened the doors of the Toronto Broadcast Centre during the Games and, as a result, we welcomed about 18,500 guests into the building to share the Pan Am and Parapan Am spirit together.

The 42nd federal general election and the campaign leading up to it set the stage for CBC/Radio-Canada's enhanced digital news coverage, in addition to its traditional television and radio offerings. ICI Radio-Canada.ca recorded almost 1.5 million visits (excluding mobile apps) on October 19, more than doubling the level reached for the previous federal election day in 2011.[3] On the CBC side, Peter Mansbridge reached more Canadians than anyone else on election night, and our digital news section drew a record number of page views and unique visitors. Throughout the election, we also offered Canadians more opportunities to engage on what matters most to them about the election through tools such as the Canada Votes 2015/Résultats Canada 2015 dashboard, the Vote Compass/Boussole électorale – which collected over 1.8 million answers, CBC's Pledge to Vote and #1ervote. These are great examples of how both CBC and Radio-Canada used digital platforms and social media to better reach and engage with young voters, helping them have their voices heard during the campaign. A partnership between Radio-Canada and Facebook to get exclusive access to its data during the campaign and on election night, a first in French language Canadian broadcasting, also illustrates how Radio-Canada continues to be a leader in political coverage and analysis.

[2] Source: Adobe Omniture SiteCatalyst and Numeris
[3] Source: Adobe Omniture SiteCatalyst

The evolution of our regional services, as per *Strategy 2020*, reflects the changing patterns of consumption, with mobile and digital services offering new opportunities to tell stories and engage and exchange with our audiences. With that said, this quarter we deployed our digital-first strategy for local news for both CBC and Radio-Canada. By leveraging web and digital platforms and adjusting the length of TV supper-hour news shows (now either 60 or 30 minutes), we were able to find resources to provide audiences with sustained news updates throughout the day, segments from local morning radio shows simultaneously broadcast on TV, and more news coverage on regional sites and social media. As a result, audiences benefit from a more comprehensive, minute-by-minute coverage of the local issues that matter most to them.

As important as web and digital platforms have become, TV continues to be the place where the majority of Canadians watch content, especially in the evening. In *Strategy 2020*, we promised that we would not leave TV and radio behind as we transform ourselves into a modern, more relevant public broadcaster. In its 2015-2016 business plan, Radio-Canada reiterated that strategic investment in drama series and variety shows remains a key factor at the heart of its multiplatform strategy. As a result, more than a dozen new programs are scheduled to launch this year, including *Les dieux de la danse*, *Stéréo pop* and *Un chef à l'oreille* this fall. Radio-Canada also accelerated the implementation of its multiscreen strategy to ensure that programs are made available on its many platforms, at the right time for its many audiences. A good example of that is *Le nouveau show*, which will be available first to ICI Tou.tv Extra subscribers, and then on ICI ARTV and ICI Radio-Canada Télé.

At CBC, the fall television season launched the first week of October with exciting new programs that reflect its *Strategy 2020* commitment to invest in high-impact Canadian programming that takes creative risks and that ultimately can compete with the best. Examples include *The Romeo Section*, *Keeping Canada Alive* and *This Life*. Also in line with its new Arts strategy, CBC is connecting with Canadians' passion for the arts through programming like *Crash Gallery*, *Interrupt this Program* and *the Exhibitionists*, along with new material appearing on multiple platforms, including *Canada in the frame*, *The re-eduction of Eddy Rogo* and *The Collective*. Finally, Radio launched its fall schedule in September, with new additions such as *Because News*, *Unreserved*, *Podcast Playlist* and *The Doc Project* joining a full complement of returning shows.

Infrastructure

There were a number of headlines circulating in September about CBC/Radio-Canada selling off all of its buildings. We used this opportunity to clarify that we currently have too much space and that many of the buildings we own are old, need repair, cost too much to maintain and, in many cases, don't suit our needs. *Strategy 2015* already committed us to reducing our real-estate footprint wherever possible. More recently, *Strategy 2020* renewed our commitment to reduce by 50% our real estate assets by 2020 by modernizing our operations, making better use of new technology and creating more integrated, efficient and innovative workplaces that further our multiplatform strategy. As a result, we have been looking at our facilities on a location-by-location basis to evaluate the costs and benefits of selling our buildings to move into new modern leased facilities. These sales have generated proceeds, but more importantly, ongoing annual savings that go right back into programming. You can get all the facts on our corporate website.

People and Culture

CBC/Radio-Canada is continuously evolving to reflect the changing faces and voices of our country and to meet the needs of a diverse audience. To help us in these ongoing efforts, we released our 2015-2018 Inclusion and Diversity Plan. This new plan is in line with our broader strategy, *Strategy 2020*, as it will help us better reflect Canada's diversity in our workforce, and enhance opportunities for partnerships with more Canadians.

On October 8, we launched a new bullying and harassment helpline as part of our response to the Rubin Report and to help ensure a psychologically safe workplace for all our employees regardless of level or location. Further to our action plan, on October 16, we launched mandatory training for managers on preventing and dealing with harassment and discrimination and knowing when to involve Human Resources. Training for employees will be launched in the new year.

During the quarter, Pierre Gingras resigned from the CBC/Radio-Canada Board of Directors effective October 1, 2015. Mr. Gingras had served on the Board of Directors since February 2011. His position is now vacant.

Other Business Matters

CBC/Radio-Canada held its seventh Annual Public Meeting (APM) in Winnipeg on September 29. In the spirit of *Strategy 2020*'s vision of being a space where Canadians can share their ideas and experiences and can connect with each other, the public broadcaster dedicated part of its APM to showcasing the best and brightest of this community. With the goal of deepening our connection with Canadians and bringing life to the theme of this year's meeting – Invite. Ignite. Inspire – four young Winnipeggers who are making a difference in their community participated in a conversation about the importance of community engagement. Their inspiring testimonials are available here.

Further to our strategic commitment to diversify revenues and share risks through partnerships, CBC and global media company Fullscreen announced a new multi-year digital media partnership, the CBC|Fullscreen Creator Network, to develop and support digital content creators in Canada. CBC will provide multiple media platforms for content distribution for these content creators across the country through CBC, YouTube and other platforms. As a result of this partnership, the number of Canadian content creators will grow through community engagement and talent development, as well as production and marketing support.

CBC/Radio-Canada has been awarded the Canadian broadcast rights for the Beijing 2022 Olympic Winter Games and the 2024 Olympic Summer Games. We are now Canada's Olympic Network and official broadcaster for the next five Olympic Games, including Rio 2016, Pyeongchang 2018 and Tokyo 2020, a cornerstone to our new sports strategy. As lead broadcaster, CBC/Radio-Canada will be working again with its primary Olympic broadcast partner, Bell Media, along with Rogers Media. The broadcast partnership model we have put forward is respectful of the stature of the Games, fiscally responsible and perfectly aligned with *Strategy 2020*, which calls for the public broadcaster to maintain our role in showcasing Canadian talent and in bringing relevant, nation-building experiences to all Canadians.

On November 4, the Honourable Mélanie Joly was appointed as the Minister of Canadian Heritage. We are very encouraged by the support the new government has expressed for Canadian culture, its pledge to reinvest in the public broadcaster and its recognition that CBC/Radio-Canada is a vital national institution that brings Canadians together. Canadians from coast to coast to coast have a strong sense of attachment to their public broadcaster and to the role it plays in their daily lives. You can read the President and CEO's complete statement here.

Annual Public Meeting 2015, CBC/Radio-Canada

1. PERFORMANCE UPDATE

Our new performance measurement framework introduced with our new strategic plan *A Space for us all (Strategy 2020)*, contains three separate report cards:

1. The *Mandate and Vision* Report Card (Strategic Indicators);
2. The *Strategy 2020* Report Card (Strategic Indicators); and
3. The *Media-Line* Report Cards (Operational Indicators).

1.1 STRATEGIC INDICATORS

MEASURING OUR SUCCESS

As Canada's national public broadcaster, the establishment of metrics to track and assess our performance is essential to demonstrate our accountability to Canadians. For *2015: Everyone, Every way (Strategy 2015)*, we developed a representative survey of Canadians that allowed us to monitor how well Canadians believe our services fulfill our mandate under the 1991 *Broadcasting Act* (the *Mandate and Vision* Report Card). This survey will continue under *A space for us all (Strategy 2020)*. It is conducted twice a year, is provided to our Board of Directors in January and June, and is made available to the public on the Corporation's website.

New this year is a report card tailored to monitoring our new strategic plan. This report card is used to ensure that we are meeting our corporate-wide strategic objectives. It contains 10 core metrics that cover audience, infrastructure, people and finance. The *Strategy 2020* Report Card will include long-term 2020 targets and will track progress against them with short-term annual targets starting with 2015-2016. The framework, outlined below, was approved by the Board in March 2015. The first *Strategy 2020* Report Card will be published on the Corporation's website following approval by the Board of Directors at the end of November.

STRATEGY 2020 REPORT CARD

INDICATOR	TYPE OF DATA	SOURCE OF DATA
Audience/Market		
1. CBC/Radio-Canada is very important to me personally	Perception	Independent Survey
2. CBC/Radio-Canada's programming reflects diversity of opinions and objectivity	Perception	Independent Survey
3. Digital reach of CBC/Radio-Canada	Ratings	comScore
4. Monthly digital interactions with CBC/Radio-Canada	Ratings	comScore
5. Overall time spent with CBC/Radio-Canada	Ratings	Numeris and Internal Server Data
Infrastructure		
6. Reduced real estate footprint	Output	Internal Data
People		
7. Employee engagement	Perception	Independent Survey
8. Employee diversity	Output	Internal Data
Finance		
9. Achieve cost-reduction target	Financial	Internal Data
10. Achieve investment fund target	Financial	Internal Data

Measuring Our Canadian Content

Regulatory requirements for Canadian content on television are specified by the CRTC, which sets conditions of licence for ICI Radio-Canada Télé and CBC Television. For the whole broadcast day, a minimum of 75% Canadian content is required. For prime time, a minimum of 80% Canadian content is required. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the previous two broadcast years, ICI Radio-Canada Télé and CBC Television exceeded the CRTC's Canadian content conditions of licence, both over the whole day and in prime time.

Canadian content		Yearly Conditions of Licence	Results September 1, 2014 to August 31, 2015	Results September 1, 2013 to August 31, 2014
ICI Radio-Canada Télé				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	82%	89%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	90%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	92%	94%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	91%

Measuring Our Canadian Content, CBC/Radio-Canada

1.2 Operational Indicators

In addition to monitoring the overall performance of *Strategy 2020*, see prior section 1.1, we have developed key performance indicators (KPIs) for our services. These indicators are critical to measuring our progress towards achieving our strategic business objectives and operational plans. As such, we formulate our targets on a yearly basis as part of the media lines' business plans. Our *Media-Line* Report Cards include measures of audience share, website visits, subscriber counts and revenue generation.

Our second quarter report contains a partial list of KPIs because many of the principal indicators are measured from September onwards and are not available for CBC Television, CBC Radio, ICI Radio-Canada Télé, ICI Radio-Canada Première and ICI Musique until our third quarterly report.

English Services

The following paragraphs provide some key highlights of our performance to the end of the second quarter:

- CBC News Network continued to perform well with audience share levels above both the annual target and the same period last year. The most significant news event during this quarter was the federal election campaign which drove high news audiences for the channel (as it did for Canadian news programming generally).
- Subscriber levels for CBC News Network remained at targeted numbers, while documentary channel subscriptions fell slightly. Overall, these numbers are consistent with early stages of "cord cutting" trends that are discernible in the industry. As noted previously, these trends combined with the effects of regulatory changes recently introduced into the industry, are expected to become more visible later this year.
- The average number of unique visitors at the CBC.ca level, as well as at the regional level, remained strong compared to target and prior year, aided by the popularity of election coverage. Current performance is on track to meet the annual expectation.
- Total revenue is down over the same period last year, given the absence of NHL hockey advertising revenue. However, despite the softening of the advertising market and the slight decline in subscriber fees, our overall revenue is anticipated to meet or exceed target. Other revenue streams such as host broadcasting fees for the Pan Am Games and revenue from digital syndication are contributing to this performance.

	Targets 2015-2016	April 1 to September 30, 2015	Results 2014-2015	April 1 to September 30, 2014
Television				
CBC News Network				
All-day audience share, April-March[1]	1.4%	1.7%	1.5%	1.5%
Regional				
Regional content				
Monthly average unique visitors, April-March[2]	4.2 million	4.1 million	4.0 million	3.9 million
Digital				
CBC.ca				
Monthly average unique visitors, April-March[2]	11.2 million	11.4 million	10.6 million	7.1 million
Specialty Television Channels				
CBC News Network				
Subscribers	11.2 million	11.2 million	11.2 million	11.4 million
documentary				
Subscribers	2.7 million	2.6 million	2.7 million	2.7 million
Revenue[3]				
Conventional, specialty, online	$246 million	$135 million	$321 million	$194 million

[1]Source: Numeris (BBM Canada), Portable People Meter (PPM), persons aged 2 years and older.

[2]Source: comScore Media Metrix, desktop measure, persons aged 2 years and older (regional content: desktop measure only / CBC.ca: multiplatform measure). Prior to 2015-2016, the measures for the CBC.ca website only included unique visitors using a desktop. It now also includes visitors using mobile devices.

[3]Includes advertising revenue, subscription revenue and other revenue (e.g., content distribution). Revenue for *documentary* is reported at 100%, although CBC/Radio-Canada owns 82% of this channel. Excludes revenue from the arrangement with Rogers Communications Inc. for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Prior to 2015-2016, revenue also included contributions from the Local Programming Improvement Fund, a fund created by the CRTC to support local programming, which ended on August 31, 2014.

FRENCH SERVICES

Below are key highlights of our performance for the second quarter:

- The combined audience share for our specialty channels is nearly at target. This improvement resulted from increased viewership on ICI RDI for its special coverage of the federal election campaign. Furthermore, ICI EXPLORA recorded a higher audience share thanks to a free preview period from August 15 to September 15 that should contribute to the channel's continued growth.
- The average number of unique visitors is currently tracking below the annual target for Radio-Canada websites and ICI Radio-Canada.ca regional web pages. However, these results remain consistent with our expectations at this point in time. Our enhanced digital coverage of the federal election night on October 19 is expected to improve our performance in the third quarter.
- Boosted by a free preview period this quarter, ICI EXPLORA's subscribers count is likely to exceed the target set for the year. This performance is especially positive given the current market pressures, such as the cord-cutting trend, impacting subscriber counts for ICI RDI and ICI ARTV. See the *Discussion of Results* section for more details.
- Conventional television advertising revenue continues to be affected by the weaker advertising market. As a result, our self-generated revenue is currently tracking below target.

	Targets 2015-2016	April 1 to September 30, 2015	Results 2014-2015	April 1 to September 30, 2014
Television				
ICI RDI, ICI ARTV, ICI EXPLORA				
All-day audience share, April-March[1]	4.7%	4.6%	4.8%	5.0%
Regional				
Regional web pages				
Monthly average unique visitors, April-March[2]	0.758 million	0.691 million	0.722 million	0.680 million
Digital				
ICI.Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca and ICI.EXPLORAtv.ca				
Monthly average unique visitors, April-March[2]	2.8 million	2.6 million	1.9 million	1.8 million
Specialty Television Channels				
ICI RDI				
Subscribers	11.1 million	10.9 million	10.8 million	11.2 million
ICI ARTV				
Subscribers	1.8 million	1.8 million	1.8 million	2.0 million
ICI EXPLORA				
Subscribers	0.8 million	0.7 million	0.6 million	0.5 million
Revenue[3]				
Conventional, specialty, online	$227.1 million	$97.5 million	$233.8 million	$113.2 million

[1]Source: Numeris (BBM Canada), Portable People Meter (PPM), Francophones in Quebec, aged 2 years and older. Prior to 2015-2016, the specialty channels' audience share only included Francophones in Quebec who subscribe to a television distribution service, aged 2 years and older.

[2]Source: comScore Media Metrix, unique visitors aged 2 years and older (regional web pages: desktop only / Radio-Canada's web offerings: multiplatform measure). Prior to 2015-2016, the measure for all Radio-Canada websites only included unique visitors using a desktop. It now also includes visitors using mobile devices.

[3]Includes advertising revenue, subscription revenue and other revenue (e.g., content distribution). Revenue for ARTV is reported at 100% although Radio-Canada owned only a 85% share prior to March 31, 2015. Since that date, Radio-Canada has been the sole owner of ARTV. Prior to 2015-2016, revenue also included contributions from the Local Programming Improvement Fund, a fund created by the CRTC to support local programming, which ended on August 31, 2014.

2. Discussion of Results

2.1 Results under IFRS and on a Current Operating Basis

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Revenue	142,357	138,129	3.1	260,878	330,721	(21.1)
Expenses	(373,958)	(362,923)	3.0	(738,766)	(832,444)	(11.3)
Government funding	242,790	128,177	89.4	411,953	375,932	9.6
Results before non-operating items	11,189	**(96,617)**	**111.6**	(65,935)	**(125,791)**	**47.6**
Non-operating items	1,105	43,410	(97.5)	2,175	39,015	(94.4)
Net results under IFRS for the period	12,294	**(53,207)**	**123.1**	(63,760)	**(86,776)**	**26.5**
Results on a Current Operating Basis[1]	18,259	**(55,536)**	**132.9**	(34,392)	**(67,352)**	**48.9**

[1] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided below.

Net results reflected a gain of $12.3 million this quarter, compared to a loss of $53.2 million in the same period last year, as we drew down more government funding consistent with our working capital requirements. On a year-to-date basis, net results were a loss of $63.8 million this year versus $86.8 million for the same period last year, reflecting timing differences in the recognition of government funding into income and lower operating expenses that have more than offset revenue decreases. Included in net results are items that do not currently generate or require funds from operations, as explained below.

Reconciliation of Net Results Under IFRS to Results on a Current Operating Basis

CBC/Radio-Canada defines Results on a Current Operating Basis as Net Results under IFRS less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is used regularly by management to help monitor performance and balance the Corporation's budget consistent with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the year. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave. Other less significant items not funded or generating funds in the current period, primarily employee benefit-related, are adjusted for in the reconciliation to Results on a Current Operating Basis.

Results on a Current Operating Basis amounted to $18.3 million this quarter, an increase of $73.8 million when compared to the same period last year. This increase primarily reflected higher government funding recognized in income this quarter, as our working capital requirements were higher compared to last year when we sold a portion of our equity interest in Sirius XM Canada Holdings (SiriusXM). Last year, our year-to-date loss on a Current Operating Basis mainly reflected timing differences in the recognition of government funding into income. This year, our year-to-date loss reflects additional investments in our strategic priorities.

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Net results under IFRS for the period	12,294	**(53,207)**	**123.1**	(63,760)	**(86,776)**	**26.5**
Items not generating or requiring funds from operations						
Pension and other employee future benefits	17,786	11,484	54.9	35,674	23,883	49.4
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,440	6,045	(10.0)	10,534	11,122	(5.3)
Other provisions for non-cash items	(17,261)	(19,858)	13.1	(16,840)	(15,581)	(8.1)
Results on a Current Operating Basis	18,259	**(55,536)**	**132.9**	(34,392)	**(67,352)**	**48.9**

REVENUE

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Advertising						
English Services	29,980	36,789	(18.5)	56,668	127,601	(55.6)
French Services	25,131	27,829	(9.7)	55,441	64,573	(14.1)
	55,111	64,618	(14.7)	112,109	192,174	(41.7)
Subscriber fees						
English Services	18,520	18,829	(1.6)	36,917	37,579	(1.8)
French Services	15,461	14,818	4.3	30,381	29,949	1.4
	33,981	33,647	1.0	67,298	67,528	(0.3)
Financing and other income						
English Services	37,001	17,737	108.6	50,027	31,144	60.6
French Services	6,434	9,672	(33.5)	11,181	17,034	(34.4)
Corporate Services	9,830	12,455	(21.1)	20,263	22,841	(11.3)
	53,265	39,864	33.6	81,471	71,019	14.7
TOTAL	142,357	**138,129**	**3.1**	260,878	**330,721**	**(21.1)**

ADVERTISING

Advertising revenue decreased by $9.5 million (14.7%) this quarter and by $80.1 million (41.7%) year-to-date due to:

Events: Quarterly advertising revenue decreased due to a change in the major sports events we covered this year. In the second quarter, we generated advertising revenue from broadcasting the Toronto 2015 Pan Am and Parapan Am Games. However, advertising revenue from these events was lower than that earned during our coverage of the 2014 FIFA World Cup Brazil last year.

On a year-to-date basis, advertising revenue was lower by $80.1 million (41.7%). This was also attributable to changing coverage of major sporting events. After Rogers acquired the NHL broadcast rights in June 2014, no revenue was generated from hockey playoffs during the first quarter this year. Last year's results also included the 2014 FIFA World Cup Brazil advertising revenues in June and July for both English and French Services. However, these decreases were partly offset by additional advertising revenue from our coverage of the Toronto 2015 Pan Am and Parapan Am Games this summer.

Ongoing activities: Our advertising revenue for this quarter and on a year-to-date basis continued to be affected by the persistent softness in the advertising market. The September 2015 Television Bureau of Canada (TVB) report indicated that between September 2014 and August 2015, total Canadian television advertising revenue was down 7.3% compared to the same period last year. We experienced similar declines in our TV advertising revenue from ongoing activities this quarter, as both French and English Services' advertising revenue is affected by this downward industry trend. We are closely monitoring developments that may impact the overall media industry this financial year. However, the growth in our digital advertising revenue somewhat offset this decline as we continue to enhance our digital presence, consistent with *A space for us all (Strategy 2020)*.

SUBSCRIBER FEES

During the second quarter, subscriber fees were marginally higher by $0.3 million (1.0%) compared to the same period last year, mostly reflecting an increase in ICI EXPLORA's subscriber revenue. ICI EXPLORA's growth contrasted with the industry's performance as other specialty channels are currently being adversely affected by the cord-cutting trend. Indeed, the increase in ICI EXPLORA's revenue was partly offset by a small decrease in CBC News Network's subscriber base.

On a year-to-date basis, lower subscriber fees of $0.2 million (0.3%) were mainly due to a slight decrease of ICI ARTV subscriber fees, which was partly offset by higher ICI EXPLORA's revenue.

Financing and Other Income

Financing and other income was higher by $13.4 million (33.6%) this quarter and $10.5 million (14.7%) year-to-date due to:

Events: Higher other income was generated this quarter and on a year-to-date basis from English Services' host broadcasting activities of the Toronto 2015 Pan Am and Parapan Am Games. However, this was partly offset by a decrease for both English and French Services as 2014 was the final year of the Local Programming Improvement Fund, and both digital rights revenue from the 2014 FIFA World Cup Brazil and host broadcasting revenue for the FIFA U-20 Women's World Cup did not recur.

Ongoing activities: Lower other income for Corporate Services resulted from a payment for retransmission rights received last year and a change in the way municipal taxes are collected from tenants in our Toronto building.

Operating Expenses

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Television, radio and digital services costs						
English Services	196,968	184,651	6.7	383,139	467,911	(18.1)
French Services	152,004	151,712	0.2	304,426	321,308	(5.3)
	348,972	336,363	3.7	687,565	789,219	(12.9)
Other operating expenses						
Transmission, distribution and collection	17,021	17,508	(2.8)	34,059	34,022	0.1
Corporate management	2,190	2,462	(11.0)	4,715	5,072	(7.0)
Payments to private stations	343	605	(43.3)	934	1,198	(22.0)
Finance costs	6,803	7,860	(13.4)	14,235	15,274	(6.8)
Share of results in associate	(1,371)	(1,875)	26.9	(2,742)	(12,341)	77.8
TOTAL	373,958	**362,923**	**3.0**	738,766	**832,444**	**(11.3)**

Television, Radio and Digital Services Costs

This quarter, TV, radio and digital services costs increased by $12.6 million (3.7%), while they decreased by $101.7 million (12.9%) on a year-to-date basis. These fluctuations in our spending primarily reflect major events that we broadcast this year or the year before:

Events: This quarter, English Services' expenditures increased by $12.3 million (6.7%) primarily due to the coverage of the Toronto 2015 Pan Am and Parapan Am Games in July and August, while French Services' expenses remained stable. Overall higher TV, radio and digital services costs were partly offset by the absence of costs relating to the 2014 FIFA World Cup Brazil that was held in June and July of last year, a large portion of which was recognized in the first quarter of 2014-2015.

On a year-to-date basis, English Services incurred higher rights and production costs related to the hockey playoffs last year. No such costs were incurred in 2015-2016, as our contract with the NHL ended at the end of June 2014. English Services' lower expenses this year were partly offset by additional costs recognized under our new agreement with Rogers for the continued broadcast of *Hockey Night in Canada*.

Ongoing activities: Expenses were lower overall this quarter and on a year-to-date basis reflecting the effect of our ongoing cost-savings initiatives. In addition, the first half of last year also included restructuring expenses of $27 million as we make changes to further reduce our ongoing operating costs.

Other Operating Expenses

The decrease in the share of results in associate on a year-to-date basis is mainly because last year's results included the receipt of a special dividend of $10.4 million from Sirius XM Canada Holdings (SiriusXM).

GOVERNMENT FUNDING

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Parliamentary appropriations for operating expenditures	218,042	102,000	113.8	362,042	322,036	12.4
Parliamentary appropriations for working capital	1,000	1,000	-	2,000	2,000	-
Amortization of deferred capital funding	23,748	25,177	(5.7)	47,911	51,896	(7.7)
TOTAL	242,790	**128,177**	**89.4**	411,953	**375,932**	**9.6**

Parliamentary appropriations for operating expenditures increased by $116.0 million (113.8%) in the second quarter of 2015-2016 and by $40.0 million (12.4%) in the first half of the year compared to the same periods last year, resulting in higher overall government funding recognized in income. Parliamentary appropriations are recognized based on our working capital requirements, according to forecasted revenues and expenditures for the period. In the second quarter of last year, our working capital requirements were lower due to the sale of a portion of our equity interest in SiriusXM, which explains the year-over-year increase.

Government appropriations in 2015-2016 are expected to remain at the same level as received in 2014-2015.

Capital funding is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property and equipment, and intangible assets are used in CBC/Radio-Canada's operations.

NON-OPERATING ITEMS

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Gain on sale of shares	-	33,548	(100.0)	-	33,548	(100.0)
Gain on disposal of property and equipment and intangibles	1,105	9,862	(88.8)	2,175	5,467	(60.2)
TOTAL	1,105	**43,410**	(97.5)	2,175	**39,015**	**(94.4)**

Non-operating gains of $1.1 million this quarter largely resulted from an increase in insurance proceeds related to a mobile production vehicle that was destroyed by fire last year. On a year-to-date basis, the disposal of our mobile production assets and the insurance proceeds described above led to a non-operating gain of $2.2 million. Last year, non-operating gains of $39.0 million resulted from the sale of a portion of our investment in the share capital of SiriusXM.

2.2 TOTAL COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Net results for the period	12,294	**(53,207)**	**123.1**	(63,760)	**(86,776)**	**26.5**
Other comprehensive income (loss)						
Remeasurements of defined benefit plans	(46,252)	113,988	N/M	135,253	57,915	N/M
Total comprehensive income (loss) for the period	(33,958)	**60,781**	**N/M**	71,493	**(28,861)**	**N/M**

N/M = not meaningful

Total comprehensive loss recognized this quarter was $34.0 million, compared to a gain of $60.8 million in the same period last year. In addition to net results, total comprehensive income includes remeasurements of pension plan values. These remeasurements are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each reporting period.

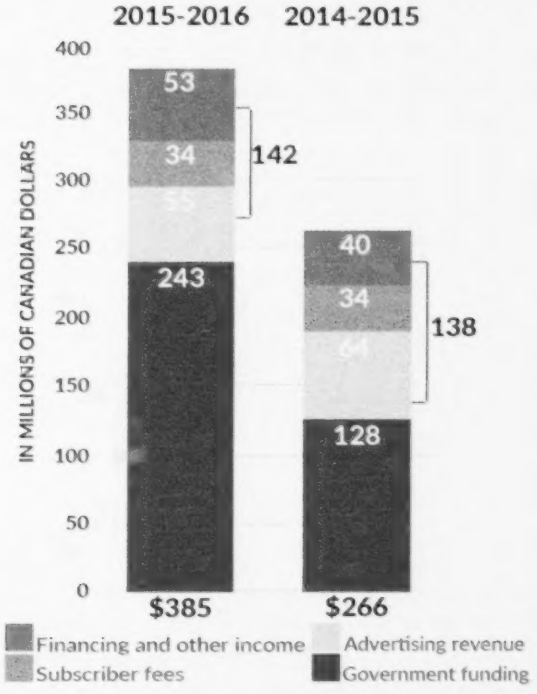
This quarter's $46.3 million in other comprehensive loss was driven by a lower return on plan assets than that used in our assumptions.

3. Capital Resources, Financial Condition and Liquidity

3.1 Capital Resources

We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income. Further details are provided in our 2014-2015 Annual Report.

Quarterly Summary of Revenue and Other Sources of Funds



Financing and other income (14% of sources in 2015-2016): Includes income from activities such as rental of real estate assets, leasing of space at our transmission sites, host broadcasting, and contributions from the Canada Media Fund and program sales.

Subscriber fees (9% of sources in 2015-2016): Fees from our specialty services – CBC News Network, *documentary*, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI Tou.tv Extra premium package, and Curio.ca.

Advertising revenue (14% of sources in 2015-2016): Revenue from selling advertising on our conventional and specialty television channels, CBC Radio 2, ICI Musique, and other platforms. Advertising revenue is decreasing as a proportion of our total revenue and sources of funds as a result of the end of our broadcast rights contract with the NHL and the market shift away from conventional advertising platforms.

Government funding (63% of sources in 2015-2016): Government funding recognized of $242.8 million, including $23.7 million of amortization of deferred capital funding. A freeze of salary inflation funding for this fiscal year was confirmed by the government in its November 2013 Economic Update. This means that any salary increases for our employees have to be managed through cost reductions in other areas. For an average salary increase of 1.5%, the Corporation needs to find $14.0 million in cost savings each year.

For quarterly variance analysis, see Discussion of Results in section 2.

Borrowing Plan

The *Broadcasting Act*, section 46.(1), confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the *Act* requires that our borrowing plan be included in our corporate plan for the approval of the Minister of Finance.

The confirmation of the annual borrowing authority is currently pending, and any borrowings will need to be individually approved. Guidelines established by the Department of Finance limit our borrowing activities to short-term initiatives with a payback period of six years or less. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47.(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

3.2 Financial Condition and Liquidity

We rely largely on parliamentary appropriations and the cash generated from our commercial operations to fund our operating activities, including our capital needs in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and self-generated revenue such as from the sale of advertising on our various platforms.

Our cash flows from operating, investing and financing activities for the second quarter ended September 30, 2015, are summarized in the following table. Our cash balance on September 30, 2015, was $105.5 million, compared to $214.9 million on March 31, 2015.

Cash Position

(in thousands of Canadian dollars)	For the three months ended September 30			For the six months ended September 30		
	2015	2014	% change	2015	2014	% change
Cash - beginning of the period	99,806	136,822	(27.1)	214,884	61,974	246.7
Changes in the period						
Cash used in operating activities	(5,381)	(91,073)	94.1	(95,486)	(18,488)	N/M
Cash used in financing activities	(3,322)	(3,816)	12.9	(28,645)	(29,650)	3.4
Cash from investing activities	14,353	50,832	(71.8)	14,703	78,929	(81.4)
Net change	5,650	(44,057)	112.8	(109,428)	30,791	N/M
Cash - end of the period	105,456	92,765	13.7	105,456	92,765	13.7

N/M = not meaningful

Cash Used in Operating Activities

Cash used in operating activities was $5.4 million this quarter, compared to $91.1 million in the second quarter of last year. In the second quarter this year, our net use of cash in operations was lower because this year's results include the cash received from making additional drawdowns of government appropriations. On a year-to-date basis, we have used cash in operations of $95.5 million this year relative to $18.5 million last year. This change is also primarily due to the timing of government appropriations drawdowns for use in the business, and normal fluctuations in working capital.

Cash Used in Financing Activities

Cash outflows from financing activities were consistent with the same periods last year. Cash used of $3.3 million this quarter and $28.6 million year-to-date was for interest, semi-annual repayments of the Toronto Broadcast Centre bonds, payments of notes payable and funds required to meet our obligations under finance lease.

Cash From Investing Activities

Cash generated from investing activities was lower this quarter when compared to $50.8 million in the same period last year. This change was primarily due to the receipt last year of $33.5 million in net proceeds for the sale of a portion of the shares that we hold in SiriusXM. On a year-to-date basis, we also received more dividends from our investment in SiriusXM because of the special dividend of $10.4 million distributed in the first quarter of 2014-2015.

4. Outlook and Risk Update

We are exposed to a variety of risks inherent to our activities and the environment in which we operate. Our key risks and mitigation strategies are discussed in full in our 2014-2015 Annual Report. Other than the items below, there have been no significant changes to our risk profile since year-end.

Government Funding

We are very encouraged by the support the new government has expressed for Canadian culture, by its pledge to reinvest in the public broadcaster and by its recognition that CBC/Radio-Canada is a vital national institution that brings Canadians together. We expect that the extent and timing of additional funding, if available, may be announced in the Government's Throne Speech on December 4, 2015 or in its upcoming first budget.

Industry Challenges: A Weaker Advertising Market and Regulatory Changes

As indicated in our 2014-2015 Annual Report, our revenue is exposed to the industry-wide softening of advertising markets and the shift of advertising away from traditional television to digital platforms. The September 2015 Television Bureau of Canada (TVB) report indicated that, between September 2014 and August 2015, total Canadian television advertising revenue was down 7.3% compared to the same period last year. Components of this total decline relevant to us include lower English and French markets (-7.5% and -6.5%, respectively), a lower conventional television market (-11.2%), and decreases in the specialty market (-1.3%). The month of August saw a positive year-over-year advertising revenue growth of 1.6% over last year. This defies the general downward trend that has affected the advertising revenue growth for the past 12 months in a row. We are closely monitoring the situation, as we expect the advertising market to remain challenged for the rest of this fiscal year.

In addition to these developments, we are continuing to monitor and assess the broadcasting industry following decisions made from the CRTC's *Let's Talk TV* review of the television industry in Canada, as summarized in our Annual Report. Changes resulting from these regulatory decisions could also affect our specialty channel revenue. We are developing plans to mitigate any negative changes to our specialty channel distribution and revenues, including negotiating the channel carriage of our specialty channels with our Broadcasting Distribution Undertaking partners.

On September 14, 2015, the CRTC launched a review of the policy framework for local and community television programming. This review builds on the determinations made during the *Let's Talk TV* proceeding. The Commission will review issues related to policy, regulation and funding of local programming. No new funding will be provided, but existing funding may be reallocated among broadcasting initiatives to help strengthen local programming. Given the importance of this proceeding for CBC/Radio-Canada, the Corporation intends to file written comments and appear at the public hearing in January 2016.

On September 9, 2015, the Canada Media Fund (CMF) started cross-country public consultations about its future. At these public consultations, the CMF detailed how it wants to change its programs to focus on innovative and, landmark content and to sustain independent producers. This proposed strategy would shift CMF funds away from television broadcasters like CBC/Radio-Canada towards digital content creators and distributors, independent producers, and vertically integrated media companies. CBC/Radio-Canada shared its position on these issues during the consultation process.

5. Financial Reporting Disclosure

5.1 Future Accounting Standards

Refer to Note 2 of the condensed interim consolidated financial statements for information pertaining to accounting changes effective during 2015-2016 and for information on issued accounting pronouncements that will be effective in future years.

5.2 Critical Accounting Estimates and Judgments

Discussion and analysis of our financial condition and results of operations are based upon our condensed interim consolidated financial statements, which have been prepared in accordance with IAS 34 – *Interim Financial Reporting*. Our key significant accounting estimates and critical judgments are contained in Note 4 of our annual consolidated financial statements.

5.3 Transactions With Related Parties

Transactions With Defined Benefit Pension Plans

We made employer contributions to defined benefit plans as discussed in Note 15. We also provided management and administrative services to our defined benefit pension plans.

Unité 9, ICI Radio-Canada télé

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these consolidated quarterly financial statements in accordance with IAS 34 – *Interim Financial Reporting*, and for such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the consolidated quarterly financial statements.

Hubert T. Lacroix,
President and Chief Executive Officer

Judith Purves,
Executive Vice-President and
Chief Financial Officer

Ottawa, Canada
November 25, 2015

In thousands of Canadian dollars

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTE	September 30, 2015	March 31, 2015
ASSETS			
Current			
Cash		105,456	214,884
Trade and other receivables	3	125,763	151,444
Programming	4	289,474	170,177
Merchandising inventory		257	274
Prepaid expenses		27,636	26,859
Promissory notes receivable		2,561	2,474
Investment in finance lease		2,858	2,759
Derivative financial instruments	13	495	269
Assets classified as held for sale	5	3,887	1,627
		558,387	**570,767**
Long-term			
Property and equipment	5	878,562	902,752
Intangible assets	6	27,065	25,324
Assets under finance leases		24,413	20,389
Pension plan	9	277,161	190,342
Programming	4	90,066	140,113
Promissory notes receivable		42,215	43,507
Investment in finance lease		45,925	47,379
Deferred charges		16,696	17,252
Investment in associate	7	-	-
		1,402,103	**1,387,058**
TOTAL ASSETS		1,960,490	**1,957,825**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		77,274	87,534
Provisions	8	39,914	40,962
Pension plans and employee-related liabilities	9	133,188	154,876
Programming liability		15,151	15,151
Bonds payable		21,960	21,663
Obligations under finance leases		11,126	10,232
Notes payable		8,409	8,319
Deferred revenues		24,424	30,105
Deferred operating vote drawdown	11	18,458	-
		349,904	**368,842**
Long-term			
Deferred revenues		27,524	39,154
Pension plans and employee-related liabilities	9	234,472	247,245
Programming liability		27,172	33,446
Bonds payable		244,177	251,237
Obligations under finance leases		22,399	20,671
Notes payable		97,188	100,513
Deferred capital funding	11	509,790	520,200
		1,162,722	**1,212,466**
Equity			
Retained earnings		447,413	375,976
Total equity attributable to the Corporation		447,413	**375,976**
Non-controlling interests		451	**541**
TOTAL EQUITY		447,864	**376,517**
TOTAL LIABILITIES AND EQUITY		1,960,490	**1,957,825**

Contingencies (NOTE 8) and Commitments (NOTE 15)
The accompanying notes form an integral part of the condensed interim consolidated financial statements.

In thousands of Canadian dollars

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (LOSS) (UNAUDITED)

	NOTE	Three months ended September 30		Six months ended September 30	
		2015	2014	2015	2014
REVENUE	10				
Advertising		55,111	64,618	112,109	192,174
Subscriber fees		33,981	33,647	67,298	67,528
Other income		50,790	37,111	76,238	65,968
Financing income		2,475	2,753	5,233	5,051
		142,357	**138,129**	260,878	**330,721**
EXPENSES					
Television, radio and digital services costs		348,972	336,363	687,565	789,219
Transmission, distribution and collection		17,021	17,508	34,059	34,022
Corporate management		2,190	2,462	4,715	5,072
Payments to private stations		343	605	934	1,198
Finance costs		6,803	7,860	14,235	15,274
Share of results in associate	7	(1,371)	(1,875)	(2,742)	(12,341)
		373,958	**362,923**	738,766	**832,444**
Operating loss before Government funding and non-operating items		(231,601)	**(224,794)**	(477,888)	**(501,723)**
GOVERNMENT FUNDING	11				
Parliamentary appropriation for operating expenditures		218,042	102,000	362,042	322,036
Parliamentary appropriation for working capital		1,000	1,000	2,000	2,000
Amortization of deferred capital funding		23,748	25,177	47,911	51,896
		242,790	**128,177**	411,953	**375,932**
Results before non-operating items		11,189	**(96,617)**	(65,935)	**(125,791)**
NON-OPERATING ITEMS					
Gain on sale of shares	7	-	33,548	-	33,548
Gain on disposal of property and equipment and intangibles	5, 6	1,105	9,862	2,175	5,467
		1,105	**43,410**	2,175	**39,015**
Net results for the period		12,294	**(53,207)**	(63,760)	**(86,776)**
Net results attributable to:					
The Corporation		12,257	(53,258)	(63,816)	(86,932)
Non-controlling interests		37	51	56	156
		12,294	(53,207)	(63,760)	(86,776)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

In thousands of Canadian dollars

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	NOTE	Three months ended September 30		Six months ended September 30	
		2015	2014	2015	2014
COMPREHENSIVE INCOME (LOSS)					
Net results for the period		12,294	(53,207)	(63,760)	(86,776)
Other comprehensive income (loss) - not subsequently reclassified to net results					
Remeasurements of defined benefit plans	9	(46,252)	113,988	135,253	57,915
Total comprehensive income (loss) for the period		(33,958)	**60,781**	71,493	**(28,861)**
Total comprehensive income (loss) attributable to:					
The Corporation		(33,995)	60,730	71,437	(29,017)
Non-controlling interests		37	51	56	156
		(33,958)	**60,781**	71,493	**(28,861)**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

In thousands of Canadian dollars

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
		Three months ended September 30, 2015		
Balance as at June 30, 2015		481,408	560	481,968
Changes in the period				
Net results for the period		12,257	37	12,294
Remeasurements of defined benefit plans	9	(46,252)	-	(46,252)
Total comprehensive income (loss) for the period		**(33,995)**	**37**	(33,958)
Distributions to non-controlling interests		-	**(146)**	(146)
Balance as at September 30, 2015		**447,413**	**451**	447,864

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
		Three months ended September 30, 2014		
Balance as at June 30, 2014		146,370	573	146,943
Changes in the period				
Net results for the period		(53,258)	51	(53,207)
Remeasurements of defined benefit plans	9	113,988	-	113,988
Total comprehensive income for the period		**60,730**	**51**	**60,781**
Distributions to non-controlling interests		-	**(175)**	**(175)**
Balance as at September 30, 2014		**207,100**	**449**	**207,549**

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
		Six months ended September 30, 2015		
Balance as at March 31, 2015		375,976	541	376,517
Changes in the period				
Net results for the period		(63,816)	56	(63,760)
Remeasurements of defined benefit plans	9	135,253	-	135,253
Total comprehensive income (loss) for the period		**71,437**	**56**	71,493
Distributions to non-controlling interests		-	**(146)**	(146)
Balance as at September 30, 2015		**447,413**	**451**	447,864

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
		Six months ended September 30, 2014		
Balance as at March 31, 2014		236,117	468	236,585
Changes in the period				
Net results for the period		(86,932)	156	(86,776)
Remeasurements of defined benefit plans	9	57,915	-	57,915
Total comprehensive income (loss) for the period		**(29,017)**	**156**	**(28,861)**
Distributions to non-controlling interests		-	**(175)**	**(175)**
Balance as at September 30, 2014		**207,100**	**449**	**207,549**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	NOTE	Three months ended September 30		Six months ended September 30	
		2015	2014	2015	2014
CASH FLOWS (USED IN) FROM					
OPERATING ACTIVITIES					
Net results for the period		12,294	(53,207)	(63,760)	(86,776)
Adjustments for:					
Gain on disposal of property and equipment and intangibles	5, 6	(1,105)	(9,862)	(2,175)	(5,467)
Gain on sale of shares	7	-	(33,548)	-	(33,548)
Financing income		(2,475)	(2,753)	(5,233)	(5,051)
Finance costs		6,803	7,860	14,235	15,274
Change in fair value of financial instruments designated as at fair value through profit and loss	13	(412)	(77)	(226)	426
Depreciation of property and equipment	5	25,758	27,560	51,547	55,855
Amortization of intangible assets	6	1,695	1,620	3,331	3,217
Depreciation of assets under finance leases		1,899	2,112	3,797	4,226
Share of results in associate	7	(1,371)	(1,875)	(2,742)	(12,341)
Change in deferred charges		209	(2,924)	556	(3,253)
Change in programming asset (long-term)	4	44,939	(89,895)	51,038	(89,801)
Change in programming liability (long-term)		(1,579)	56,702	(6,814)	56,702
Amortization of deferred capital funding	11	(23,748)	(25,177)	(47,911)	(51,896)
Change in deferred appropriations for operating expenditures	11	18,458	-	18,458	-
Change in deferred revenues (long-term)		(5,181)	31,170	(12,020)	30,214
Change in pension plan asset	9	66,081	(90,650)	(86,819)	(65,008)
Change in pension plans and employee-related liabilities (current)	9	(7,512)	(10,676)	2,505	(1,992)
Change in pension plans and employee-related liabilities (long-term)	9	(48,302)	102,128	122,480	88,879
Accretion of promissory notes receivable		(5)	(5)	(10)	(10)
Movements in working capital	12	(91,827)	424	(135,723)	81,862
		(5,381)	**(91,073)**	(95,486)	**(18,488)**
FINANCING ACTIVITIES					
Repayment of obligations under finance leases		(2,663)	(2,969)	(5,211)	(5,830)
Repayment of bonds		-	-	(6,557)	(6,090)
Repayment of notes		-	-	(3,214)	(3,069)
Distributions to non-controlling interests		(146)	(175)	(146)	(175)
Interest paid		(513)	(672)	(13,517)	(14,486)
		(3,322)	**(3,816)**	(28,645)	**(29,650)**
INVESTING ACTIVITIES					
Parliamentary appropriations for capital funding	11	27,501	22,000	37,501	45,965
Additions to property and equipment	5	(18,093)	(10,643)	(36,351)	(20,138)
Additions to intangible assets	6	(2,752)	(1,906)	(6,437)	(4,860)
Net proceeds from disposal of property and equipment	5	2,946	2,524	10,274	3,374
Net proceeds from disposal of shares	7	-	33,548	-	33,548
Collection of promissory notes receivable		605	565	1,202	1,120
Collection of finance leases receivable		643	598	1,274	1,187
Dividends received	7	1,371	1,875	2,742	14,196
Interest received		2,132	2,271	4,498	4,537
		14,353	**50,832**	14,703	**78,929**
Change in cash		5,650	**(44,057)**	(109,428)	**30,791**
Cash, beginning of the period		99,806	**136,822**	214,884	**61,974**
Cash, end of the period		105,456	**92,765**	105,456	**92,765**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

In thousands of Canadian dollars

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2015 (UNAUDITED)

(In thousands of Canadian dollars, unless otherwise noted)

1. GENERAL INFORMATION

As the national public broadcaster, CBC/Radio-Canada (the Corporation) provides radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

The Corporation is a federal Crown Corporation domiciled in Canada. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9.

2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim financial statements also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB).

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on November 25, 2015.

B. BASIS OF PREPARATION

Basis of Presentation

As permitted under IAS 34, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2015. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year then ended.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, excepted as permitted by IFRS and as otherwise indicated within these notes.

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's audited annual consolidated financial statements, except for the application of new standards, amendments and interpretations effective for the Corporation's year end beginning on April 1, 2015. The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation and the functional currency of the entities that are consolidated.

Seasonality

Excluding government appropriations, approximately 50% of the Corporation's source of funds come from advertising revenue that tend to follow seasonal patterns, with the second quarter typically being the lowest mainly due to the summer season attracting fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. By contrast, subscriber-based revenue is more stable on a quarter-by-quarter basis. Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Corporation, its subsidiaries, ARTV and Documentary Channel (*documentary*), and two structured entities, the Broadcast Centre Trust and the CBC Monetization Trust.

Key sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenue and expenses recorded during the period, as well as all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Interim Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date.

There have been no changes made to the Corporation's key estimates or critical judgments since the Corporation's last audited annual consolidated financial statements at March 31, 2015.

C. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncements issued by the IASB or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2015. These pronouncements had no impact on the condensed interim consolidated financial statements as at and for the quarter ended September 30, 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 was amended in November 2013 to allow for employee contributions that are linked solely to the employee's service rendered in the same period in which those contributions are payable to be accounted for as a reduction in the cost of short-term employee benefits. These amendments are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

Annual Improvements to IFRSs: 2010-2012 Cycle and 2011-2013 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle and the Annual Improvements to IFRSs 2011-2013 Cycle were issued in December 2013. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after July 1, 2014, on a prospective or modified retrospective basis.

D. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements that have been issued.

The Corporation has completed its assessment of the following amendments and annual improvements and has concluded that their adoption will not have an impact on its consolidated financial statements, although conclusions made regarding the expected impact of future changes in accounting policies could change until the standards are fully adopted:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures

The amendments to IFRS 10 and IAS 28 (2011) were issued in September 2014. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture and are effective for annual reporting periods beginning on or after January 1, 2016, on a prospective basis.

Amendments to IFRS 11 Joint Arrangements

IFRS 11 was amended in May 2014 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This Standard will become effective for annual periods beginning on or after January 1, 2016, on a prospective basis.

In thousands of Canadian dollars

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 were amended in May 2014 to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and that, for intangible assets, there is a rebuttable presumption that amortization based on revenue is not appropriate. These amendments are effective for annual reporting periods beginning on or after January 1, 2016, on a prospective basis.

Annual Improvements to IFRSs: 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* were issued in September 2014. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective or prospective basis.

The Corporation is still assessing the potential impact of the following standards on its consolidated financial statements:

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-phase project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. In addition to this logical model for classification and measurement, the final IFRS 9 issued in July 2014 includes a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. This standard will become effective for annual periods beginning January 1, 2018 on a retrospective basis.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The Standard establishes a comprehensive framework for determining when revenue should be recognized and how it should be measured. The core principle is that an entity should recognize revenue when it transfers goods or services to a customer based upon the amount of consideration to which the entity expects to be entitled to from the customer. The goods or services are transferred when the customer has control of them. IFRS 15 also requires extensive new qualitative and quantitative disclosures designed to help investors understand the nature, amount, timing and uncertainty of revenue. This standard will become effective for annual periods beginning on or after January 1, 2018, after the IASB voted a one-year deferral of the effective date on July 22, 2015. The Accounting Standards Board is yet to approve this one-year deferral When first adopting IFRS 15, the Corporation will apply the standard in full for the current period, including retrospective application to all contracts not yet complete at the beginning of that period. In respect to prior periods, the Corporation will either fully apply the standard or adopt a modified approach as permitted by the transition guidance. The Corporation is currently assessing these alternatives.

Amendments to IAS 1 Disclosure Initiative

IAS 1 was amended in December 2014 as part of the IASB's Disclosure Initiative work on the *Conceptual Framework*. These narrow-focus amendments clarify, rather than significantly change, existing IAS 1 requirements for which there has been overly prescriptive interpretations of the wording. These amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

3. TRADE AND OTHER RECEIVABLES

	September 30, 2015	March 31, 2015
Trade receivables	113,617	140,999
Allowance for doubtful accounts	(1,963)	(2,683)
Other	14,109	13,128
	125,763	**151,444**

Trade receivables disclosed above include amounts (see Note 3A) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

In thousands of Canadian dollars

A. Age of Trade Receivables that are Past Due but not Impaired

	September 30, 2015	March 31, 2015
31 - 60 days	17,103	22,481
61 - 90 days	15,738	13,096
Over 90 days	10,476	16,724
Total	43,317	**52,301**

B. Movement in Allowance for Doubtful Accounts

	September 30, 2015	March 31, 2015
Opening balance	(2,683)	(3,719)
Amounts written off during the period as uncollectible	-	2,000
Impairment losses reversed	996	349
Net increase in allowance for new impairments	(276)	(1,313)
Balance, end of the period	(1,963)	**(2,683)**

4. Programming

A. Programming by Category

	September 30, 2015	March 31, 2015
Completed programs	48,740	61,918
Programs in process of production	126,082	39,728
Broadcast rights available for broadcast within the next twelve months	114,652	68,531
	289,474	**170,177**
Broadcast rights not available for broadcast within the next twelve months	90,066	140,113
	379,540	**310,290**

B. Movement in Programming

	September 30, 2015	March 31, 2015
Opening balance	310,290	223,714
Additions	510,468	1,070,776
Programs broadcast	(441,218)	(984,200)
Balance, end of the period	379,540	**310,290**

The programming write-offs included in the Programs broadcast line in the above table for the three and six months ended September 30, 2015, amount to $0.5 million (2014 – $0.9 million) and $0.8 million (2014 – $1.9 million). Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

In thousands of Canadian dollars

5. PROPERTY AND EQUIPMENT

A. COST AND ACCUMULATED DEPRECIATION

The property and equipment carrying amounts are as follows:

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2015	174,552	553,585	53,253	1,129,557	139,591	42,034	2,092,572
Additions	-	-	-	4,182	682	31,487	36,351
Transfers (refer to Note 6)	4	4,363	7,761	22,551	5,135	(38,454)	1,360
Assets classified as held for sale	(298)	(5,721)	-	-	-	-	(6,019)
Disposals and write-offs	(2)	(3,531)	-	(47,506)	(4,950)	-	(55,989)
Cost as at September 30, 2015	**174,256**	**548,696**	**61,014**	**1,108,784**	**140,458**	**35,067**	2,068,275
Accumulated depreciation as at March 31, 2015	-	(209,726)	(28,864)	(847,406)	(103,824)	-	(1,189,820)
Depreciation for the period	-	(15,164)	(1,980)	(28,556)	(5,847)	-	(51,547)
Reclassification of depreciation on assets classified as held for sale	-	3,039	-	-	-	-	3,039
Reclassification of depreciation on disposals and write-offs	-	1,619	-	43,312	3,684	-	48,615
Accumulated depreciation as at September 30, 2015	-	**(220,232)**	**(30,844)**	**(832,650)**	**(105,987)**	-	(1,189,713)
Net carrying amount as at September 30, 2015	**174,256**	**328,464**	**30,170**	**276,134**	**34,471**	**35,067**	878,562

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	**Total**
Cost as at March 31, 2014	174,709	547,264	52,874	1,209,026	142,580	27,170	**2,153,623**
Additions	-	-	-	9,774	2,808	55,681	**68,263**
Transfers (refer to Note 6)	-	13,017	409	21,802	7,214	(40,760)	**1,682**
Transfers from assets under finance leases	-	-	-	7,208	2,947	-	**10,155**
Assets classified as held for sale	(48)	(3,190)	-	(2,453)	-	-	**(5,691)**
Disposals and write-offs	(109)	(3,506)	(30)	(115,800)	(15,958)	(57)	**(135,460)**
Cost as at March 31, 2015	**174,552**	**553,585**	**53,253**	**1,129,557**	**139,591**	**42,034**	2,092,572
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	**(1,207,086)**
Accumulated depreciation on transfers from assets under finance leases	-	-	-	(3,574)	(1,054)	-	**(4,628)**
Depreciation for the year	-	(35,376)	(3,058)	(60,219)	(11,997)	-	**(110,650)**
Reclassification of depreciation on assets classified as held for sale	-	3,188	-	2,453	-	-	**5,641**
Reclassification of depreciation on disposalsand write-offs	-	1,831	30	109,410	15,632	-	**126,903**
Accumulated depreciation as at March 31, 2015	-	**(209,726)**	**(28,864)**	**(847,406)**	**(103,824)**	-	**(1,189,820)**
Net carrying amount as at March 31, 2015	**174,552**	**343,859**	**24,389**	**282,151**	**35,767**	**42,034**	**902,752**

The contractual commitments for the acquisition of property and equipment are $23.4 million as at September 30, 2015 (March 31, 2015 – $11.9 million).

B. Impairment and Other Charges

There were no impairment losses recorded or reversed during the three and six months ended September 30, 2015 (2014 – nil).

C. Assets Classified as Held For Sale

Consistent with the Corporation's financial plan to reduce its real estate footprint, several properties were classified as held for sale for accounting purposes as at September 30, 2015 that have a total carrying value of $3.9 million (March 31, 2015 - $1.6 million). These properties are expected to be sold on a site by site basis over the next twelve months.

D. Disposals

During the second quarter, the Corporation recorded a gain of $1.1 million for insurance proceeds related to a mobile production vehicle that was damaged beyond repair in May 2014.

During the first quarter, the Corporation sold its mobile assets and properties located in Iqaluit, Nunavut and Gander, Newfoundland that were previously held for sale. The proceeds on the sale of these assets were $9.3 million and resulted in a gain of $3.1 million.

There were no significant disposals during the second quarter of 2015-2016.

Other net gains and losses in the first three and six months of 2015-2016 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

6. Intangible Assets

The intangible assets carrying amounts are as follows:

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2015	140,594	26,602	9,499	176,695
Additions	-	-	6,437	6,437
Transfers (refer to Note 5)	96	2,149	(3,605)	(1,360)
Disposals and write-offs	-	(47)	-	(47)
Cost as at September 30, 2015	**140,690**	**28,704**	**12,331**	181,725
Accumulated amortization as at March 31, 2015	(137,090)	(14,281)	-	(151,371)
Amortization for the period	(710)	(2,621)	-	(3,331)
Reclassification of amortization on disposals and write-offs	-	42	-	42
Accumulated amortization as at September 30, 2015	**(137,800)**	**(16,860)**	-	(154,660)
Net carrying amount as at September 30, 2015	**2,890**	**11,844**	**12,331**	27,065

	Internally developed software	Acquired software	Uncompleted capital projects	**Total**
Cost as at March 31, 2014	140,893	23,887	4,948	**169,728**
Additions	-	97	10,150	**10,247**
Transfers (refer to Note 5)	1,299	2,618	(5,599)	**(1,682)**
Disposals and write-offs	(1,598)	-	-	**(1,598)**
Cost as at March 31, 2015	**140,594**	**26,602**	**9,499**	**176,695**
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	**(146,332)**
Amortization for the year	(1,830)	(4,669)	-	**(6,499)**
Reclassification of amortization on disposals and write-offs	1,460	-	-	**1,460**
Accumulated amortization as at March 31, 2015	**(137,090)**	**(14,281)**	-	**(151,371)**
Net carrying amount as at March 31, 2015	**3,504**	**12,321**	**9,499**	**25,324**

There were no impairment losses recorded or reversed during the three and six months ended September 30, 2015 (2014 – nil).

In thousands of Canadian dollars

7. INVESTMENT IN ASSOCIATE

A. DESCRIPTION OF INVESTMENT

As at September 30, 2015, the Corporation held 13,056,787 Class A Subordinate Voting Shares in Sirius XM Canada Holdings Inc. (SiriusXM), which represented a 10.17% equity interest and a 9.66% voting interest. There has been no change in equity interest during the quarter.

SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the three and six month period ended September 30, 2015, the Corporation received a quarterly dividend from SiriusXM totalling $1.4 million (2014 – received quarterly dividend from SiriusXM totalling $1.9 million) and $2.7 million (2014 – received quarterly and special dividends from SiriusXM totalling $14.2 million).

B. ACCOUNTING CONSIDERATIONS

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures*, limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of SiriusXM for the period up to August 31, 2015, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly. IAS 28 also requires an adjustment to results for any significant transactions that occur during the intervening period. No such adjustments were necessary for the quarter ended September 30, 2015 (2014 – nil).

The fair value of the Corporation's investment in SiriusXM at September 30, 2015, was $64.4 million (March 31, 2015 – $71.8 million). The fair value was determined using the closing market price of SiriusXM Class A shares (TSX: XSR) at September 30, 2015, and as such, the fair value measurement is considered a Level 1 measurement in the fair value hierarchy.

The following is a summary of the Corporation's investment in SiriusXM:

	Ownership interest as at:		Carrying value as at:	
	September 30, 2015	March 31, 2015	September 30, 2015	March 31, 2015
SiriusXM - Class A shares	10.17%	10.18%	-	-

A reconciliation of the carrying amount of the Corporation's investment in SiriusXM, as recorded on the Condensed Interim Consolidated Statement of Financial Position, is as follows:

	September 30, 2015	March 31, 2015
Opening balance	-	1,855
Dividends received[1]	-	(1,855)
Balance, end of the period	-	-

[1] Total dividends received during the three and six months ended September 30, 2015 amounted to $1.4 million (2014 - $1.9 million) and $2.7 million (2014 - $14.2 million). In prior periods, dividends received grinded down the investment carrying value to nil. For the three and six months ended September 30, 2015 the excess of dividends received over the investment carrying value of $1.4 million (2014 - $1.9 million) and $2.7 million (2014 - $12.3 million) is recognized in net results under Share of results in associate.

The Corporation has not incurred any contingent liabilities or commitments in relation to its associate.

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

8. PROVISIONS

	Claims and legal proceedings	Environmental	Restructuring costs: Workforce reduction	Restructuring costs: Decommissioning	Total
Opening balance	32,044	377	6,436	2,105	40,962
Additional provisions recognized	6,541	-	1,717	-	8,258
Provisions utilized	(2,086)	-	(3,290)	(230)	(5,606)
Reductions resulting from remeasurement or settlement without cost	(1,507)	-	(2,193)	-	(3,700)
Balance, end of the period	**34,992**	**377**	2,670	1,875	**39,914**

A. RESTRUCTURING COSTS

Restructuring costs recognized this quarter relate to the following initiatives carried out in 2014-2015 as part of the Corporation's new strategic plan announced in June 2014 which requires a workforce reduction of up to 1,500 employees by 2020:

- On October 30, 2014, the Corporation announced the elimination of the equivalent of approximately 400 full-time positions. Most of the employees affected by this initiative were notified before the end of November, with the remainder of notifications occurring in early 2015.
- On March 26 2015, the Corporation announced it will be further reducing its workforce by approximately 240 full-time equivalents.

Expenses related to restructuring costs in connection with these workforce reductions comprise severance, benefits continuation and outplacement services, and were recognized where demonstrably committed and reasonable. All amounts related to restructuring provisions are expected to be paid out within the next 12 months.

At September 30, 2015, the Corporation has provisions related to workforce reductions of $2.7 million (March 31, 2015 – $6.4 million) included in current liabilities.

The Corporation's decommissioning provision includes work associated with the shutdown of both analogue television and shortwave transmission services. Work associated with the provision of $1.9 million (March 31, 2015 – $2.1 million) is expected to be completed within the next year.

B. CLAIMS AND LEGAL PROCEEDINGS

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements.

At September 30, 2015, the Corporation had provisions amounting to $35.0 million (March 31, 2015 – $32.0 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation is working to resolve these matters within 12 months.

C. ENVIRONMENTAL LIABILITIES

At September 30, 2015, the Corporation had a provision of $0.4 million for one environmental matter (March 31, 2015 – $0.4 million). Remediation work is required at the Corporation's Mont Logan property to clean-up oil contaminants found in ground samples from the site's former transmission tower and associated building. The total remaining costs associated with remediation work at this site have been estimated at $0.4 million. A significant portion of the work was completed during 2014, although the project may require up to 6 years to complete.

In thousands of Canadian dollars

D. CONTINGENCIES

Litigations are subject to many uncertainties and the outcome of individual matters is not always predictable. Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. No amounts have been disclosed in relation to contingent liabilities.

9. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

A. NET DEFINED BENEFIT ASSET/LIABILITY

Employee-related assets/liabilities recognized and presented in the Condensed Interim Consolidated Statement of Financial Position are as follows:

	Current		Long-term	
	September 30, 2015	March 31, 2015	September 30, 2015	March 31, 2015
Net defined benefit asset	-	-	277,161	**190,342**
Net defined benefit liability	-	-	100,909	106,801
Other post-employment plans	-	-	133,471	140,339
Vacation pay	50,262	55,315	-	-
Workforce reduction	19,986	30,809	-	-
Salary-related liabilities	62,940	68,752	92	105
	133,188	**154,876**	234,472	**247,245**

	September 30, 2015			March 31, 2015		
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	6,303,136	-	-	6,648,816	-	-
Defined benefit obligation	6,025,975	100,909	133,471	6,458,474	106,801	140,339
Net asset (liability) arising from defined benefit obligation	277,161	(100,909)	(133,471)	**190,342**	**(106,801)**	**(140,339)**

B. SIGNIFICANT ACTUARIAL ASSUMPTIONS

As disclosed in Note 4.A *Key Sources of Estimation Uncertainty* of the Corporation's annual consolidated financial statements for the year ended March 31, 2015, at each reporting period end the Corporation reviews its actuarial assumptions to ensure that the net defined benefit liability (asset) recognized in the financial statements is updated for significant changes in assumptions and significant changes arising from one-off events. The impact on the net defined benefit liability (asset) arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

Assumptions – annual rates	September 30, 2015	March 31, 2015
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.50%	4.25%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.00%	3.50%
Discount rate - long service gratuity	3.25%	2.75%
Discount rate - LTD benefit	3.25%	2.75%
Discount rate - life insurance	4.00%	3.50%

C. Movements in the Present Value of the Defined Benefit Obligation

	September 30, 2015		March 31, 2015	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	6,565,275	140,339	5,649,933	136,481
Current service cost	62,832	2,490	98,839	5,311
Interest cost	113,898	1,906	237,284	4,874
Contributions from employees	21,109	-	47,359	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	-	-
Actuarial losses (gains) arising from changes in financial assumptions	(477,974)	(5,380)	810,039	6,653
Actuarial losses (gains) arising from experience adjustments	(8,068)	-	1,803	-
Benefits paid	(150,188)	(5,884)	(279,982)	(12,980)
Closing defined benefit obligation	6,126,884	133,471	**6,565,275**	**140,339**

D. Movements in the Fair Value of Plan Assets

	September 30, 2015		March 31, 2015	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	6,648,816	-	5,587,972	-
Administration fees (other than investment management fees)	(3,080)	-	(5,340)	-
Interest income on plan assets	114,756	-	233,795	-
Return on plan assets, excluding interest income	(355,843)	-	1,004,950	-
Contributions from employees	21,109	-	47,359	-
Contributions from the Corporation	27,566	5,884	60,062	12,980
Benefits paid	(150,188)	(5,884)	(279,982)	(12,980)
Closing fair value of plan assets	6,303,136	-	**6,648,816**	-

E. Defined Benefit Plan Costs

Amounts recognized in comprehensive income

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Current service cost	32,661	25,898	65,322	51,796
Administration fees (other than investment management fees)	1,540	1,335	3,080	2,670
Interest cost on defined benefit obligation	57,902	60,468	115,804	120,936
Interest income on plan assets	(57,378)	(58,449)	(114,756)	(116,898)
Other	(162)	-	(326)	148
Expense recognized in net results	34,563	29,252	69,124	58,652
Plus:				
Remeasurements recognized in other comprehensive (income) loss	46,252	(113,988)	(135,253)	(57,915)
Total amounts recognized in comprehensive (income) loss	80,815	**(84,736)**	(66,129)	**737**

Retained earnings include $502.6 million of cumulative actuarial gains as at September 30, 2015 (March 31, 2015 gains - $367.4 million).

In thousands of Canadian dollars

Expense recognized in net results

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Television, radio and digital services costs	33,181	28,081	66,359	56,305
Transmission, distribution and collection	1,037	878	2,074	1,760
Corporate management	345	293	691	587
Total	34,563	**29,252**	69,124	**58,652**

F. Total Cash Payments

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Benefits paid directly to beneficiaries	2,942	2,967	5,884	5,934
Employer regular contributions to pension benefit plans	13,835	14,801	27,566	28,835
Total cash payments for defined benefit plans	16,777	**17,768**	33,450	**34,769**

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute to the Plan a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

10. Revenue

The Corporation has recognized revenue from the following sources:

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Advertising	55,111	64,618	112,109	192,174
Subscriber fees	33,981	33,647	67,298	67,528
Building, tower, facility and service rentals	11,349	12,865	21,460	23,063
Production revenue	31,445	8,417	34,166	11,382
Digital programming	3,838	3,662	8,693	12,702
Retransmission rights	751	2,453	1,501	3,213
Program sponsorship	1,914	1,768	2,393	2,389
Other services	338	1,882	1,145	1,993
Total Rendering of services	138,727	**129,312**	248,765	**314,444**
Total Financing income	2,475	**2,753**	5,233	**5,051**
Contribution from the Local Programming Improvement Fund (LPIF)	-	4,795	-	8,948
Contra revenues other than advertising	1,157	922	6,623	1,860
Gain (loss) on foreign exchange rates	(420)	264	20	834
Net gain (loss) from fair value of financial instruments	418	83	237	(416)
Total Revenue	142,357	**138,129**	260,878	**330,721**

11. GOVERNMENT FUNDING

A. GOVERNMENT FUNDING RECEIVED

Parliamentary appropriations approved and the amounts received by the Corporation are as follows:

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Operating funding	236,500	102,000	380,500	322,036
Capital funding received	27,501	22,000	37,501	45,965
Working capital funding	1,000	1,000	2,000	2,000
	265,001	**125,000**	420,001	**370,001**

Government funding approved and received by the Corporation during the quarter is recorded as follows in the condensed interim consolidated financial statements.

Parliamentary appropriation for operating expenditures is recognized in the Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and self-generated revenue.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

B. DEFERRED OPERATING VOTE DRAWDOWN

	September 30, 2015	March 31, 2015
Operating funding received during period	380,500	929,284
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(362,042)	(929,284)
Deferred appropriations for operating expenditures	18,458	-

C. CAPITAL FUNDING DEFERRED

Capital funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position, with income being recognized in the Condensed Interim Consolidated Statement of Income (Loss) on the same basis and over the same periods as the related property, equipment and intangible assets.

	September 30, 2015	March 31, 2015
Opening balance	520,200	518,272
Government funding for capital expenditures	37,501	104,740
Amortization of deferred capital funding	(47,911)	(102,812)
Balance, end of the period	509,790	**520,200**

In thousands of Canadian dollars

12. Movements in Working Capital

	Three months ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Changes in Working Capital are comprised of:				
Trade and other receivables	1,447	57,724	25,526	116,517
Programming asset (current)	(75,994)	6,448	(119,297)	(14,841)
Merchandising inventory	31	51	17	15
Prepaid expenses	933	(69,410)	(777)	(3,294)
Accounts payable and accrued liabilities	9,570	12,364	(10,270)	(21,624)
Provisions	(2,916)	(5,557)	(1,048)	5,999
Pension plans and employee-related liabilities (current)	(8,195)	13,443	(24,193)	13,471
Deferred revenues (current)	(16,703)	(14,639)	(5,681)	(14,381)
	(91,827)	**424**	(135,723)	**81,862**

13. Fair Value Measurements

The fair values of cash, trade and other receivables, the current portion of the promissory notes receivable, the current portion of the investment in finance lease, accounts payable and accrued liabilities, the current portion of the bonds payable, the current portion of the obligations under finance leases and the current portion of the notes payable approximate their carrying value due to the current nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial assets and financial liabilities are listed in the following table:

	September 30, 2015		March 31, 2015			
	Carrying values	Fair values	Carrying values	Fair values	Note	
Financial instruments measured at fair value on a recurring basis:						
Derivative financial asset instruments						
Forward contracts	407	407	161	161	(a)	Level 1
Stock options	88	88	108	108	(b)	Level 2
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	42,215	49,716	43,507	51,970	(c)	Level 2
Investment in finance lease (long-term)	45,925	55,023	47,379	57,470	(c)	Level 2
Bonds payable (long-term)	244,177	327,564	251,237	343,663	(d)	Level 2
Obligations under finance leases (long-term)	22,399	22,924	20,671	21,629	(d)	Level 2
Notes payable (long-term)	97,188	110,626	100,513	115,918	(d)	Level 2

There were no transfers between levels during the three and six months ended September 30, 2015. Also, there were no impairments or reversal of impairments recognized on financial assets for the three and six months ended September 30, 2015 (2014 – nil).

(a) The fair value is based on a discounted cash flow model based on observable future market prices.

(b) The estimated fair value is determined using an option pricing model whose key inputs include the closing price of the related shares, published Government bond rates and directly observable dividend yields.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflect the credit worthiness of the various counterparties.

(d) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

14. Related Parties

The Corporation enters into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

A. Transactions with Related Parties Excluding Government-Related Entities

	Three months ended September 30					
	Rendering of services		Receipt of services		Pension contributions	
	2015	2014	2015	2014	2015	2014
Associate	589	750	-	-	-	-
Other related entities[1]	28	30	137	-	-	-
Corporate Pension Plan	-	-	-	-	13,835	14,801
	617	**780**	137	-	13,835	**14,801**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

	Six months ended September 30					
	Rendering of services		Receipt of services		Pension contributions	
	2015	2014	2015	2014	2015	2014
Associate	1,163	1,422	-	-	-	-
Other related entities[1]	56	60	146	-	-	-
Corporate Pension Plan	-	-	-	-	27,566	28,835
	1,219	**1,482**	146	-	27,566	**28,835**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

The following balances were outstanding at the end of the period and are included in Trade and other receivables on the Condensed Interim Consolidated Statement of Financial Position:

	Amounts owed by related parties	
	September 30, 2015	March 31, 2015
Associate	177	189
Other related entities	-	-
	177	**189**

There are no amounts owing to related parties at September 30, 2015 (March 31, 2015 – nil).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal period other than the dividends received, as discussed in Note 7.

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities").

For the three months ended September 30, 2015, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.4 million for its rendering of services (2014 – $0.3 million) and $0.3 million for the purchase of goods and services (2014 – $0.3 million). For the six months ended September 30, 2015, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.8 million of its rendering of services (2014 – $0.5 million) and $0.8 million of its purchase of goods and services (2014 – $0.7 million). There were no individually significant transactions during the three and six months ended September 30, 2015 (2014 – none).

In thousands of Canadian dollars

15. COMMITMENTS

Commitments are discussed in Note 27 *Commitments* of the Corporation's consolidated financial statements for the year-ended March 31, 2015. This quarter, the Corporation entered into a five-year agreement for the continuation of employee benefits for a total amount of $515.0 million. There were no other material changes to commitments since year-end. Commitments for the purchase of property and equipment this quarter are disclosed within Note 5.A *Property and Equipment* of this report.